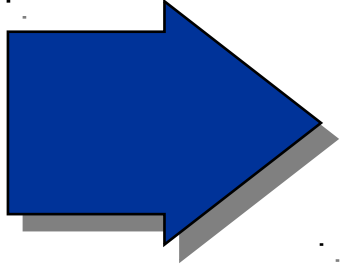


DAU INSIGHT DAYS

Small Business Tools To Enhance the Acquisition Process

**Tom W. Krusemark
Procurement Center
Representative
US SBA**

***Integrity ~ Service ~
Excellence***



- WHY A SMALL BUSINESS PROGRAM?
- WHAT IS A SMALL BUSINESS?
- ROLE OF THE SB OFFICE
- COORDINATION WITH SB & SBA
- DOD SET-ASIDE PROGRAMS
- CERTIFICATES OF COMPETENCY
- SUBCONTRACTING PLANS
- RECENT POLICY ISSUES
- HELPFUL WEBSITES





Basis of Small Business

- SB Program Developed by Law...
 - Ensure “Fair Proportion” of Federal Acquisitions are placed with small business concerns
 - Protection of vital resources that promote and advance our national economy, industrial base, and technology
 - Serves the National Interest & Strengthens National Defense
- ...But It's Not Just About the Law
 - SB sector is vital in maintaining economic growth and development
- Small Business Administration (SBA) and Agency SB Offices created to Carry Out Policies/Directives



REF: FAR 19.201 and 19.202



Successive Legislation Passed to Promote the Growth of Small Business

The Government should aid, counsel, assist, and protect, insofar as possible, the interests of small business concerns to... ensure that a fair proportion of the total purchases... Be placed with small business enterprises...

1947 - Armed Services Procurement Act

1953 - Small Business Act

1978 - Amendment to Small Business Act (PL 95-507)

1987 - Defense Authorization Act (PL 99-661)

1988 - Business Opportunity Development Reform Act (PL 100-656)

1994 - Federal Acquisition Streamlining Act (PL 103-555)

1997 - Small Business Reauthorization Act (PL 105-135)

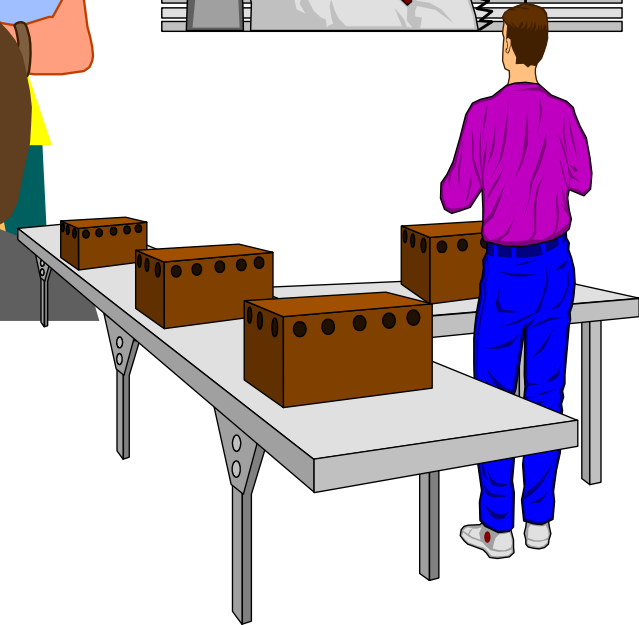
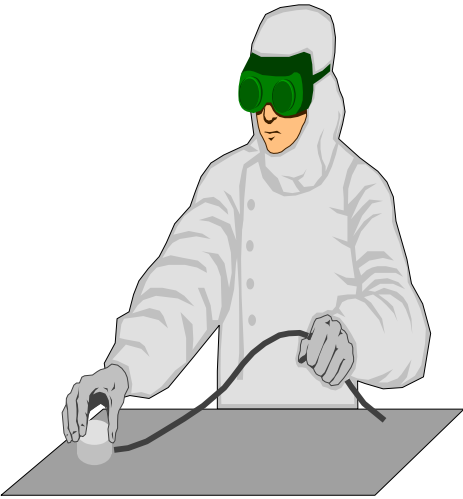
1999 - Veterans Entrepreneurship & Small Business Development Act (PL 106-50)

2000 - Small Business Reauthorization Act of 2000 (PL 106-554)

2003 - Veterans Entrepreneurship & Benefits Improvement Act (PL 108-183)



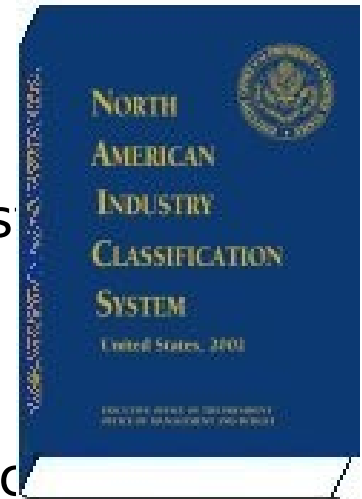
What is a Small Business?





Small Business Concern - Definition

- Small Business Concern?
 - Independently Owned and Operated
 - Not Dominant in Field of Operation in which it is Bidding
 - Qualify under Size Standards established by SBA
- Application of Size Standard
 - Classify product/service by North American Industry Classification System (NAICS) codes
 - Identify corresponding size standard
 - Supplies: Number of Employees
 - Services: Preceding 3 years average annual revenue
 - PCO determines appropriate NAICS code (SB only recommends)





Who is Small?



| REQUIREMENT | NAICS CODE | SIZE STANDARD |
|------------------------|------------|----------------|
| Aircraft Airframe Part | 336413 | 1000 Employees |
| Aircraft Radar Part | 334511 | 750 Employees |
| Engineering Services | 541330 | \$25.0 Million |
| Janitorial Services | 561720 | \$15.0 Million |

- **Websites**

- **NAICS:** <http://www.census.gov/epcd/www/naics.html>

- **Size Standards:**

- [http://www.sba.gov/services/contractingopportunities/sizestandardtop](http://www.sba.gov/services/contractingopportunities/sizestandardtop<tableofsize/index.html)

- (Click on *Table of Small Business Size Standards*, which is in PDF form

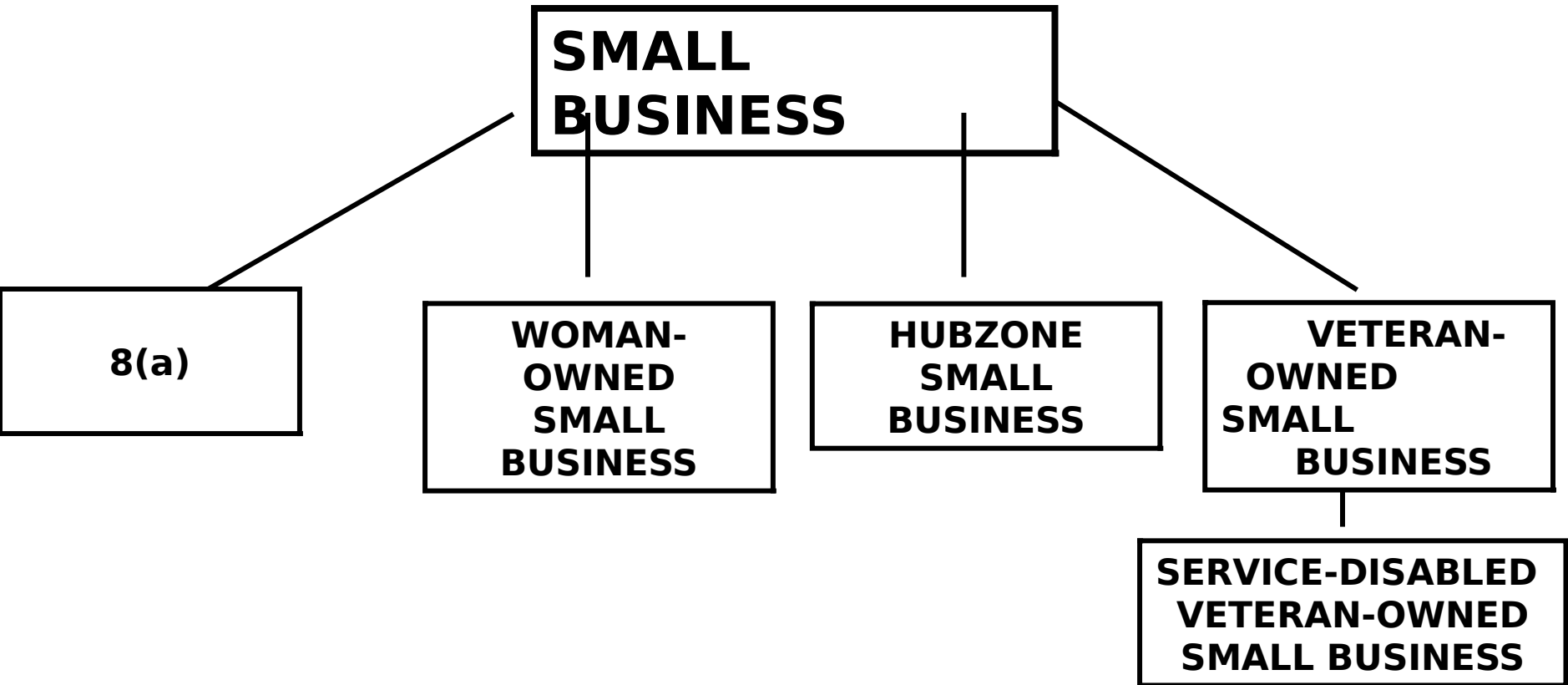


Components of Size Program

- **45 different size levels, covering 1,141 NAICS Codes**
- **32 based on average annual receipts, 8 on # of employees, 5 on other measures**
- **11 other size standards for financial and procurement programs**
- **How high of a size standard is too high?; Should there be a single basis for all size standards (employees or annual receipts); Should there be a fixed # of bands of size standards for each industry?**



Small Business – Who is included?





Facts about Small Businesses...

They...

- ✓ **... Account for 99% of all U.S. employers.**
- ✓ **... Employ 51% of the private workforce and 41% of high tech workers (scientists, engineers, and computer specialists)**
- ✓ **... Create 2 out of every 3 new jobs.**
- ✓ **... Are responsible for 47% of all U.S. innovation**
- ... Produce 2 ½ times as many innovations per employee as large firms**



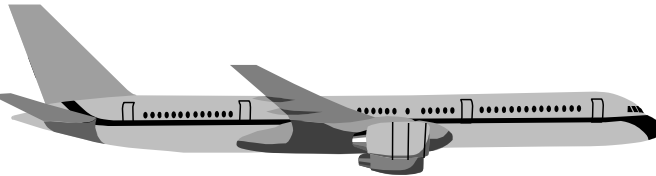


Invented by Small Businesses...

Audio Tape Recorder

Pacemaker

Airplane

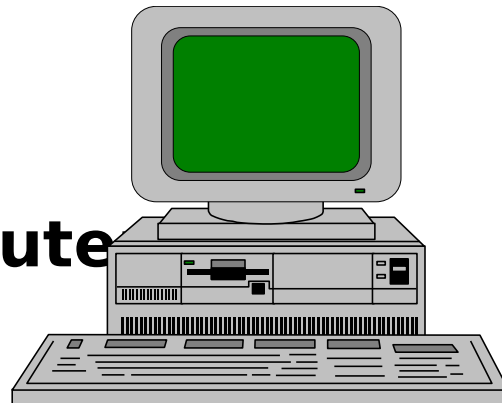


Heart Valve

**Insulin
Scanner**

Optical

**Personal Computer
Conditioning**



Air

Assembly Line

Soft Contact lens



Small Business Programs

- Objectives

- Maximize Contracting Opportunities for Small Business
- Promote Effective Outreach Program

- Who's Responsible for Implementing?

- COMMANDERS are responsible for effectively implementing the small business programs within their activities, including achieving program goals. They are to ensure contracting and technical personnel maintain knowledge of small business program requirements and take all reasonable action to increase participation in their activities'

REF: DOD Directive 5134.4; DOD Directive 4205.1; AFI 64-201; FAR 19.201(c)



SB and SBA Structure



COMMANDER

**OFFICE OF SMALL BUSINESS
PROGRAMS**
(SB)



**SMALL BUSINESS
ADMINISTRATION**

**SBA Procurement
Center Representatives**
(SBA/PCR)



Role of the Small Business Office

- **Maximize SB Participation**

- Review Acquisitions, Make Set-Aside Recommendations, and Provide Sources
- Attend Program Reviews/Acquisition Strategy Panels
- Publicize SB Program

- **Counsel Contractors**

- Advise What the Center's Needs are
- Coordinate Inquiries/Guidance Requests
- Interface with Acquisition Counterparts

- **Evaluate Subcontracting Plans**





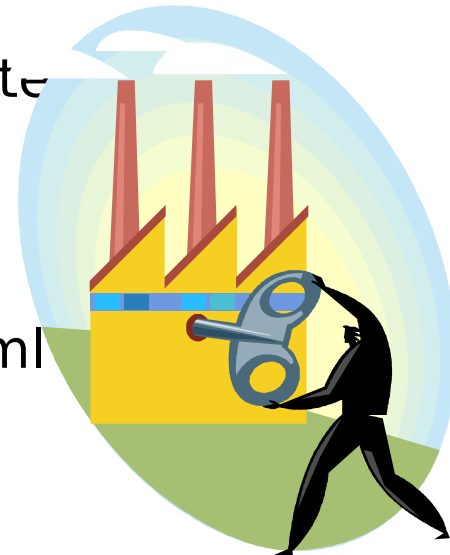
Role of the SB Office (Cont)

- **Manage Outreach Program**
 - Federal Procurement Conferences
- **Track SB Goal Progress for Commander**
 - Center Small Business Plan
- **Maintain Education Program**
 - Awareness & Training Sessions
 - Advise & Assist PCOs/Buyers on SB Matters
- **Conduct Market Research**
 - Sources Sought Synopsis
 - Database Queries



- **Interface with Procurement Technical Assistance Centers and Small Business Development Centers as Needed**

- Procurement Technical Assistance Center
<http://www.dla.mil/db/procurem.htm>
- Small Business Development Centers
<http://www.sba.gov/sbdc/sbdcnear.html>





Coordination with SB and SBA/PCR

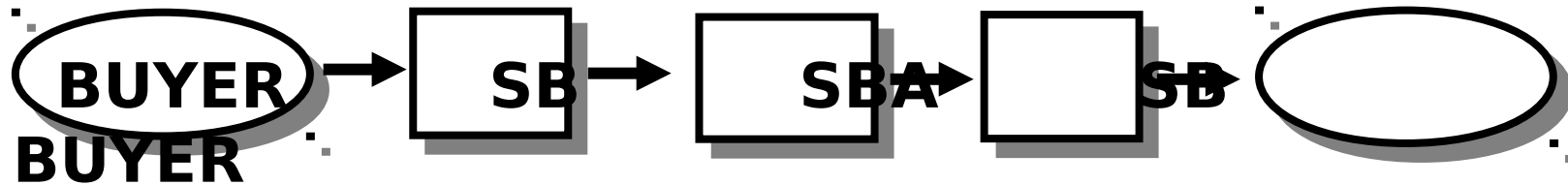
- Threshold:
 - All acquisitions over \$10,000 regardless of proposed method of procurement
 - Applies to task/delivery orders unless there is an approved “blanket” coordination for the basic contract (AFMCFARS 5319.201(d)(10)(B)(90))
- Coordinate before synopsis and issuance of solicitation
- Use DD Form 2579 (SB Coordination Record)
- See AFMCFARS Informational Guidance at 5319 for block by block instructions





Coordination with SB & SBA/PCR (Cont)

- Ensure package is complete prior to forwarding
- Coordination Flow:





Coordination with SB & SBA/PCR (Cont)

- Re-coordination
 - A change in the acquisition strategy/acquisition plan
 - Additional PRs are added to the acquisition that were not previously coordinated with the SBO and SBA PCR
(Note: Re-coordination is not needed when PRs previously coordinated are combined for an award.)
 - A set aside action is being dissolved
 - A solicitation is being cancelled and a new solicitation is to be issued
 - A change in set aside status (i.e., a change from 8(a) or HUBZone set aside to a small business set aside
 - Acquisition Method Code changes from sole source to competitive or vice versa (ALCs)



Coordination with SBA & SBA/PCR (Cont)

- Supporting Documentation for DD 2579
 - Purchase Request
 - Source Sought Synopsis/Pre-Solicitation Notice
 - Approved Justification & Approval, if applicable
 - Statement of Work, Statement of Objectives, or Technical/Product Description
 - Market Research Report/Source Evaluation Documentation
 - Acquisition Plan
 - Component Breakout review, if applicable
 - Technical evaluation of Contractor Capabilities (AFRL)
 - Funding commitment Document (AFRL)
 - Procurement History (ALCs)
 - Current AMC/AMSC Screening Analysis Worksheet (ALCs)
 - Qualification requirements (ALCs)
 - First Article Evaluation Form (ALCs)



Coordination with SBA & SBA/PCR (Cont)

- Locating Sources

- Dynamic Small Business Search
 - Part of Central Contractor Registration (CCR)
 - Go to <http://www.ccr.gov> and click on “Dynamic Small Business Search” button
 - Can query by type business, state, NAICS code, CAGE code, keyword, etc...



- VetBiz
 - Go to <http://www.vetbiz.gov>



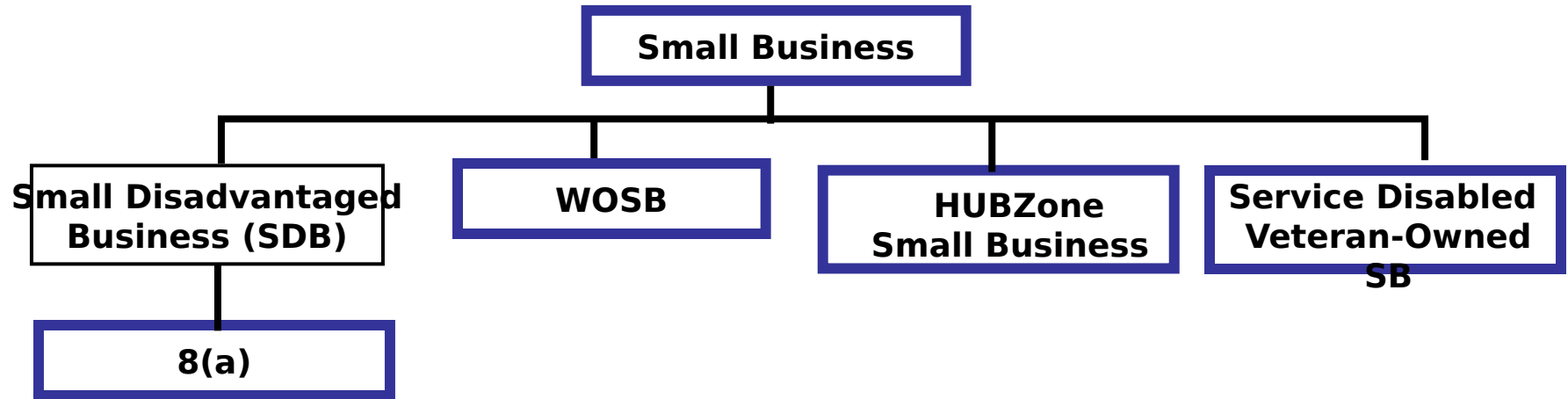
- GSA Federal Supply Schedule Holders
 - Go to <http://www.gsa.gov>
 - Access GSA Schedules e-Library





DoD Set-aside Programs

SET-ASIDE AUTHORITY



CATEGORIES OVERLAP



= No Set-Aside



DOD Set-Aside Programs (Cont)

- **Order of Preference**

- SBA revised 13 CFR guidance provided equal consideration for 8(a), HUBZone & SDVOSB set-asides before SB set-aside (Upheld in GAO case B-298326, *Protest of EssTech Engineering*, 14 Jun 2006)

-Mission Critical Case has now brought the subject of Parity back into the forefront. Outcome currently being discussed between OMB, GAO, Courts

-DOJ-MCS case applies only to the specific contract at issue and not to the operation of the program more generally





Section 8(a) Program

- **Section 8(a) Program**
 - Business development program for SDBs with a 9-year term
 - SBA certifies and monitors all firms
 - Contracting Preferences
 - Sole source contracts up to \$5.5 M for manufacturing and up to \$3.5 M for all other requirements
 - Over the above thresholds an 8A set-aside must be a competitive procurement
 - Exception is sole source 8(a) contract can be written at any dollar value
 - with an 8(a) Alaskan Native firm, an 8(a) tribally-owned Native American firm, or an 8(a) firm owned by a Native Hawaiian organization



Potential Changes to 8(a) Program

- **Possible extension of statutory length of program to 11 years**
- **One-time re-instatement for 2 years after graduation**
- **Changes in Net Worth requirements?**



8(a) Application Enhancement Tool



- **Enhanced Automation of Business Development Management Information System (BDMIS) Increases 8(a) Applicant's Ability to Apply Online:**
- **The Office of Business Development is pleased to announce the recent addition of a feature that has been added to the Business Development (BD) Management Information System (BDMIS).**
- **Small business owners will now have the ability to submit an 8(a) application using the electronic online application process in BDMIS.**

• **SBA Acceptance**

- Cognizant SBA District Office formally accepts/rejects
- SB forwards response to PCO/Buyer
- Buyer issues solicitation upon SBA acceptance

• **8(a) Award**

- Buyer negotiates and awards bilateral contract
 - Partnership Agreement between DoD & SBA authorizes DoD to award direct 8(a) contract without SBA signature
 - Ensure copy of contract/PO forwarded to SBA and SB
 - Withdrawals of 8(a) set-asides coordinated through SB
- NOTE: 8(a) offering and SBA acceptance not required for 8(a) set-asides less than \$100,000 if purchase order anticipated





SDB Program (Cont)

• **Selecting Acquisitions for 8(a) Set-Aside**

- Upfront (when PR generated) or upon SB review
- Considerations: Complexity, Quantity, Acquisition History
- SB matches 8(a) firm to the requirement unless already identified
- SBA requests specific requirement for 8(a) set-aside
 - Must be answered by the Agency within 30 days
- Neither a J&A nor Sole Source Justification required
- Synopsis only required for competitive 8(a)

• **Agency Offering**

- SB does offering letter to SBA with 5 day suspense

REF: FAR 19.803 and 19.804

includes description of supply/service, applicable



HUBZone Program

- **Created by SB Reauthorization Act in 1997**
- **Federal Goal is 3%**
- **Purpose**
 - Provide federal contracting assistance for qualified small businesses
 - located in HUBZone (economically distressed areas)
 - Increase employment opportunities
 - Stimulate capital investment
- **HUBZone Small Business**
 - At least 51% owned by U.S. citizens
 - Principal office located in HUBZone
 - At least 35% of employees reside in a HUBZone



- **Qualified HUBZones**

- Located within one or more:

- (1) Qualified Census Tracts

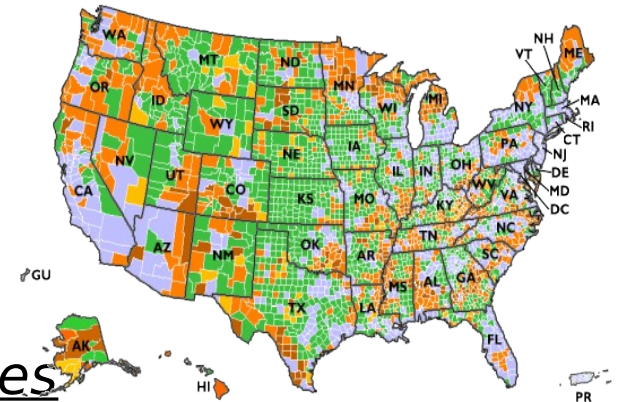
- Urban Areas

- (2) Qualified Non-Metropolitan Counties

- Rural Areas

- Median household income <80% of the non-metropolitan
state median household income **or**
-- Local unemployment rate is high relative to the
statewide
annual unemployment rate or the national
unemployment
rate

- (3) Indian Reservations





HUBZone Program (Cont)

- **HUBZone Contracting Preferences**

- HUBZone Set-Aside Competition
 - Reasonable expectation at least two HUBZone firms will submit offers and award can be made at fair market price
 - HUBZone Sole Source
 - Acquisition > \$100,000
 - Anticipated award will not exceed certain dollar thresholds (\$5.5 M for manufacturing and \$3.5 M for all other)
 - Firm is responsible and award can be made at fair price
 - Sole source justification is required
 - Price Evaluation Preference of 10%
 - Full & Open Competition > \$100,000
- Can not be used to unseat another SB



Service-Disabled Veteran-Owned Small Business (SDVOSB) Program

- **Created by Veterans Act of 2003**
 - **Federal Goal is 3%**
 - **SDVOSB Contracting Preferences**
 - SDVOSB Set-Aside Competition
 - Reasonable expectation at least two SDVOSBs will submit offers and award can be made at fair market price
 - SDVOSB Sole Source
 - Acquisition >\$100,000
 - Anticipated award will not exceed certain thresholds (\$5.5 M for manufacturing and \$3 M for all other)
 - Firm is responsible and award can be made at fair price
 - Sole source justification is required
- Veterans First Program Implemented





SDVOSB Program (Cont)

- **Locating SDVOSBs**

- Dynamic Small Business search in CCR
- <http://www.vetbiz.gov>

- **Exclusions for Using SDVOSB Program**

- Requirements that can be satisfied through award to:
 - Federal Prison Industries
 - JWOD Participating Nonprofit Agencies for Blind/Severely Disabled
- Orders under indefinite delivery contracts
- Orders against Federal Supply Schedules
- Requirements currently being performed by an 8(a) firm or requirements SBA has accepted for performance under the 8(a) program, unless SBA has consented to release the requirements from the 8(a) program





Small Business Set-

Asides

- **All acquisitions within or exceeding the Simplified Acquisition Threshold (\$100,000) are to be set-aside for SB wherein there is a reasonable expectation that:**

- (1) Offers will be obtained from at least two responsible small businesses*; and
- (2) Award can be made at a fair market price.

*If there are no SB manufacturers, SBA may waive the non-manufacturer rule. Up to \$25,000, offerors may provide the product of either a large or small business manufacturer.

List of Approved Non-manufacturer Waivers:





Small Business Set-Asides (Cont)

- Non-Manufacturing Rule:
 - For small business set-asides other than for construction or services, any concern proposing to furnish a product that it did not itself manufacture must furnish the product of a small business manufacturer unless the SBA has granted either a waiver or exception to the non-manufacturer rule (see FAR 19.102(f)).
 - In industries where the SBA finds that there are no small business manufacturers, it may issue a waiver to the non-manufacturer rule (see FAR 19.102(f)(4) and (5)).



Woman-Owned Small Business Program

- **To be eligible a firm must be 51% owned and controlled by one or more women, and primarily managed by one or more women**
- **Identifies 83 industries (identified by NAICS Codes) in which women-owned small businesses are underrepresented**
- **Authorizes set-aside of federal contracts for WOSBs where the anticipated contract price does not exceed \$5M (Manufacturing) \$3M (other Services)**



SBA and CMI Alliance on WOSB Issues



- **The U.S. Small Business Administration and Count Me In for Women's Economic Independence (CMI) launched a cooperative Strategic Alliance Memorandum to promote opportunities for women entrepreneurs through education, training and counseling.**
- **The alliance between SBA and CMI will help to strengthen and expand small business development opportunities, particularly those to women entrepreneurs.**
- **The alliance is intended to promote collaboration on the development of resources and information to benefit the needs of the small business community, and of women-owned small businesses.**



Emerging Small Business Program

• **SB Competitiveness Demonstration Program**

- Established in 1988
- Purpose
 - Assess ability of SBs to compete successfully in Designated Industry Groups (DIGs) without use of SB set-asides
 - DIGs: Construction; Non-Nuclear Ship Repair; Refuse Systems; Landscaping and Pest Control Services
 - Increase SB participation in 10 targeted industry categories
 - Measure extent of awards to Emerging SBs
 - Emerging SB is a SB concern whose size is no greater than 50 percent of the numerical size standard applicable to the assigned NAICS code
- Emerging SB set-asides
 - Construction under \$30,000
 - A-E Services under \$50,000

- Definition

- Certificate issued by SBA stating holder is responsible to receive and perform specific contract
- Required when apparent successful SB offer determined non-responsible



- Process

- PCO withholds award & refers matter to SBA Area Office
 - Ensure SB gets a copy of the referral
- SBA has 15 days to:
 - Inform the SB and offer them chance to apply for COC
 - Deny or Indicate Decision to Issue a COC and notify the PCO
- PCO may appeal SBA COC Issuance if >\$100 K
 - Final determination by SBA Headquarters



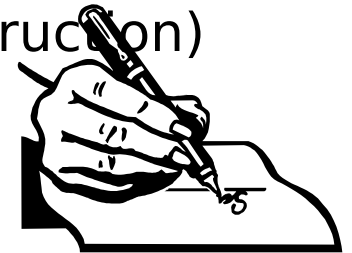
Responsibility-FAPIIS

- **"Federal Awardee Performance and Integrity Information System" (FAPIIS)**
- **It basically will allow a CO to access EPLS and PPIRS at one place. CO will be able to access responsibility information and past performance information**
- **Information such as CO's non-responsibility determinations, contract terminations for default or cause, etc. will be included**



Subcontracting Plans

- When Required
 - Contract/Contract Mod with subcontracting possibilities expected to exceed \$550,000 (or \$1 M for construction)
 - Plan not required from small businesses
- Content
 - Separate percentage goals for using SB, SDB, WOSB, VOSBs, SDVOSBs, and HUBZone SBs as subcontractors
 - Total dollars planned to be subcontracted in each category
 - 9 other elements (see FAR 19.704)
- Coordination with SB & SBA
 - Use SB Subcontracting Check List (if used at your site) and submit with Plan
 - Forward results of plan negotiations back to SB





Subcontracting Plans (Cont)

- Individual: subcontracting plan covering the entire contract period, including options, for a specific contract.
- Master: subcontracting plan that contains all the elements of an individual plan, and may be incorporated into individual contract plans provided the ACO has approved the master plan.
- Commercial: subcontracting plan (including goals) that covers the offeror's fiscal year and applies to the entire production of commercial items sold by the entire company or portion thereof.
- Comprehensive: subcontracting plan negotiated on an annual



Recent Policy Issues

- **13 CFR 121, 127, and 134 Women-Owned Small Business Federal Contract Program; Rule**
- **Proper submittal of Certificate of Competency Procedures where record shows contracting agency reasonably determined protestor's proposal is technically unacceptable on the basis of factors not related to responsibility**
- **Mission Critical Solutions vs. US (Priority of HUBZone over 8(a) Business Development Program)**
- **Price Evaluation Adjustment deemed non-constitutional (Repeals FAR 19.11)**



Small Business Revitalization Act

(Proposed)

- **Senate Version 2989**
- **Deals with Contract Bundling, Subcontracting, Small Business Size integrity, and acquisitions**
- **Increased oversight of Primes that team with Small Business**
- **Subcontractor timely payments**



Small Business Parity Programs Act (Proposed)



- **United States Senate Committee on Small Business and Entrepreneurship Introduced**
- **Would place three Small Business government contracting programs-HUBZone, 8(a) and Service-Disabled Veterans on an equal playing field when competing for government work**
- **Response to Mission Critical Solutions Case**
- **Filed as an amendment to S. 1390, DOD Authorization Act for FY 2010**
- **Amendment accepted and passed Senate on 24 July 2009, removed during conference negotiations**



SBA Changes Nuances for Agency Scorecard Ratings



- **When the Small Business Administration releases the fiscal 2009 report on agencies' progress meeting small business contracting goals, the familiar red, yellow and green stoplight-style ratings will be noticeably absent, replaced with an A-to-F letter grading system.**
- **SBA announced the change and released a sample score card on 9 April, saying the new format better reflects the needs of individual agencies while increasing clarity and transparency.**
- **"Federal contracts provide critical opportunities for small businesses to grow and create jobs," SBA Administrator Karen Mills said. "This revision builds on our ongoing efforts to strengthen the integrity of the overall process for small business contracting, while also expanding opportunities for small businesses to compete for and win federal contracts."**

- Small Business Administration
<http://www.sba.gov>
- Air Force Small Business
<http://www.selltoairforce.org> (Includes SB Learning Center Courses)
- AFMCFARS 5319 Informational Guidance for links that may be helpful in researching small business issues:
<http://farsite.hill.af.mil/vfafmca.htm>
- Federal Business Opportunities
<http://www.fedbizopps.gov>





HUBZone Program

- **SBA Website of Certified HUBZone Firms**

- <https://eweb1.sba.gov/hubzone/internet/index.cfm>
- Can also query Dynamic SB Search in CCR



Small Businesses:

- Create Jobs**
- Are Leaders of Innovations & Technology**
- Increase Competition - Decrease Costs**

Remember: *It's In The National Interest!*

